

2017 Corporate Counsel and Trade Regulation Seminar

Update on the Affordable Care Act, Better Care Reconciliation Act of 2017 (BCRA) and American Health Care Act of 2017 (AHCA)

12:15 a.m. - 1:00 p.m.



Presented by

Scott Sundstrom

Wellmark Blue Cross and Blue Shield

1331 Grand Ave

Station 5W528

Des Moines, IA 50309

Phone: 515-376-5537



Friday, September 22, 2017

UPDATE ON THE AFFORDABLE

CARE ACT

CORPORATE COUNSEL TRADE REGULATION SEMINAR – SEPTEMBER 22, 2017

SCOTT SUNDSTROM

Vice President, Government Relations

BACKGROUND

FEDERAL

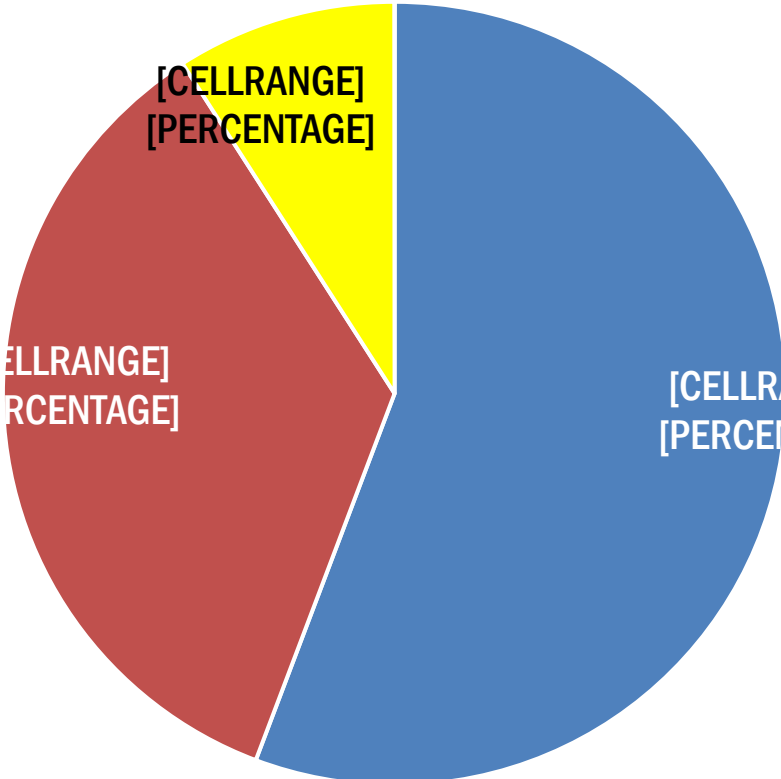
IOWA



BACKGROUND

WHO'S COVERED? AND HOW?

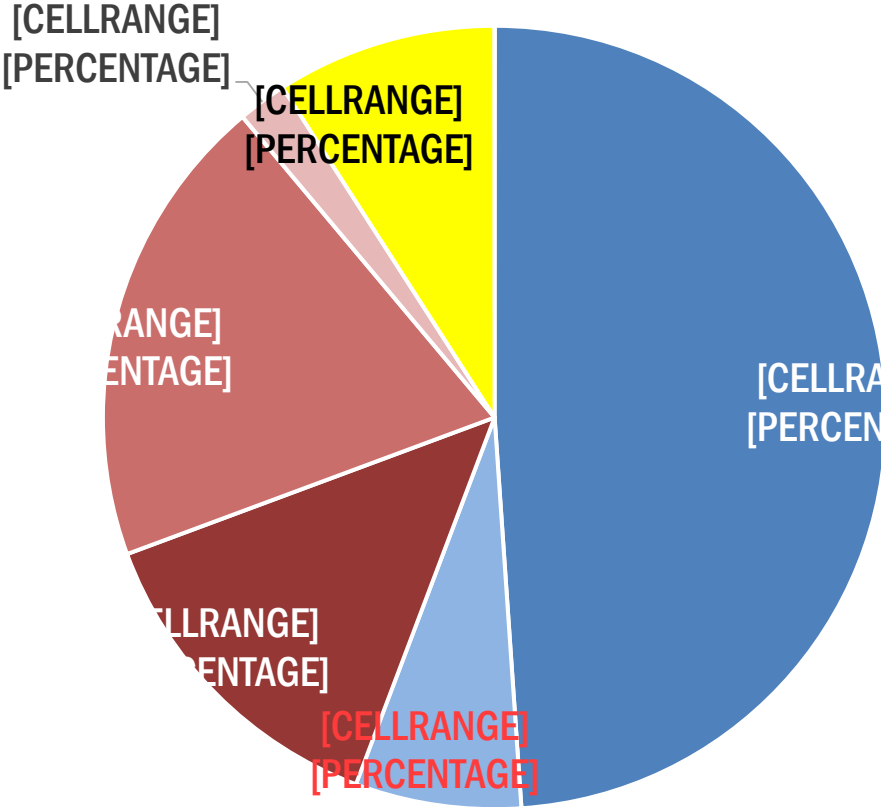
2015 Health Care Coverage



Source: Kaiser Family Foundation analysis of the Census Bureau's Current Population Survey

WHO'S COVERED? AND HOW?

2015 Health Care Coverage



Source: Kaiser Family Foundation analysis of the Census Bureau's Current Population Survey

HEALTH CARE IS NOT CHEAP

U.S. Health Care	FY 2017 Federal Appropriations
<ul style="list-style-type: none">• \$3.2 trillion• 17.8% of Gross Domestic Product (GDP)• \$9,990 per person• Total health care employment: ~13 million	<ul style="list-style-type: none">• \$592 billion: Medicare• \$389 billion: Medicaid• \$51 billion: Health insurance subsidies and related spending• \$15 billion: Children's Health Insurance Program (CHIP)

Source: Congressional Budget Office

PATIENT PROTECTION AND AFFORDABLE CARE ACT (ACA)

Market reforms

- Individual mandate – must have insurance or pay fine
- Guaranteed issue with no underwriting
- Coverage requirements

Subsidies to purchase coverage

- Exchange/Marketplace
- Premium subsidies reduce monthly premiums
- Cost-sharing reductions (CSRs) lower out-of-pocket costs

Medicaid expansion

Fees and taxes

“IF YOU'VE GOT A HEALTH CARE PLAN THAT YOU LIKE . . .”

GRANDFATHERED PLANS • Purchased **before** 3/23/2010

- No material change affecting benefits, contributions, deductibles, coinsurance, copayments
- May not include all ACA benefit reforms
- Premium rates different from ACA plans

GRANDMOTHERED PLANS • Purchased **after** 3/23/2010, but **before** 2014

- Approved by the Obama administration in 2013, with extensions through 2018
- Also known as “transitional” plans

ACA IN THE FALL OF 2016

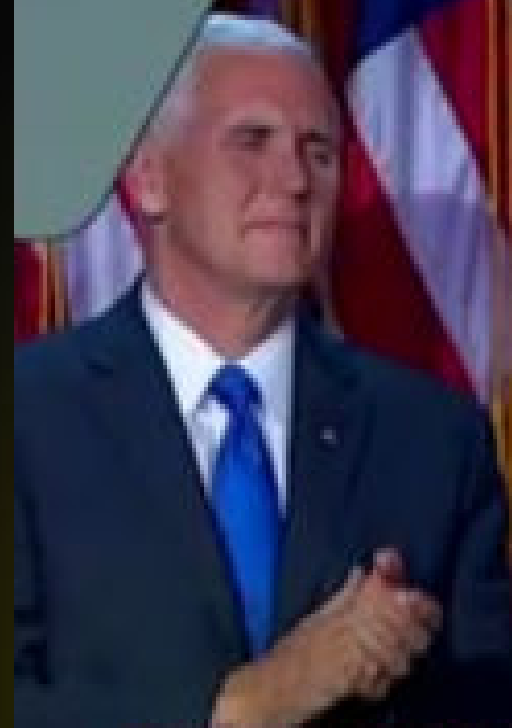
Politically unpopular

Individual market unstable

But under President Clinton . . .

it's not going to be repealed

Trump HQ
New York City
2:56 AM ET



TRUMP
PENCE

BREAKING NEWS

DONALD TRUMP ELECTED U.S. PRESIDENT

LIVE

CNN

KHTS CTORAL MAP
AMT220 88
 CNN PROJECTION

215 CLINTON



U.S. VOTE PRESIDENT				
R	TRUMP	✓	57,233,507	48.0%
D	CLINTON		56,283,222	47.2%
CNN PROJECTION			88%	

ICON/ELECTION

BACKGROUND

FEDERAL

IOWA



FEDERAL: REPEAL AND REPLACE THE ACA

BACKGROUND

FEDERAL

IOWA



REPEAL THE ACA

BACKGROUND

FEDERAL

IOWA

2

THE ACA?



CONGRESS

REPEALING/REPLACING THE ACA – THE PROCESS AND POLITICS

THE PROCESS

“RECONCILIATION”



- **PRO:** No filibuster – only 50 senators (+VP) to pass
- **CON:** “Byrd Rule” requires any provisions to affect spending, revenues, or the deficit

THE POLITICS



- **DEMOCRATS:** “No”
- **CONSERVATIVES:** Repeal it all
- **MODERATES:** Alternative? Medicaid?

IT DIDN'T END WELL



CLOSE, BUT THIS AIN'T HORSESHOES OR SLOW DANCIN'

HOUSE

**AHCA
(Repeal & Replace)**

**March 24:
Vote delayed**
**May 4:
Passed House
217-213**
DOA in Senate

SENATE

**BCRA
(Repeal & Replace)**

**June 27:
Vote delayed**
**July 25:
Failed 43-57**

**ORRA
(Repeal Only)**

**July 26:
Failed 45-55**

**HCFA
("Skinny" Repeal)**

**July 28:
Failed 49-51**

ONE LAST TRY: GRAHAM-CASSIDY

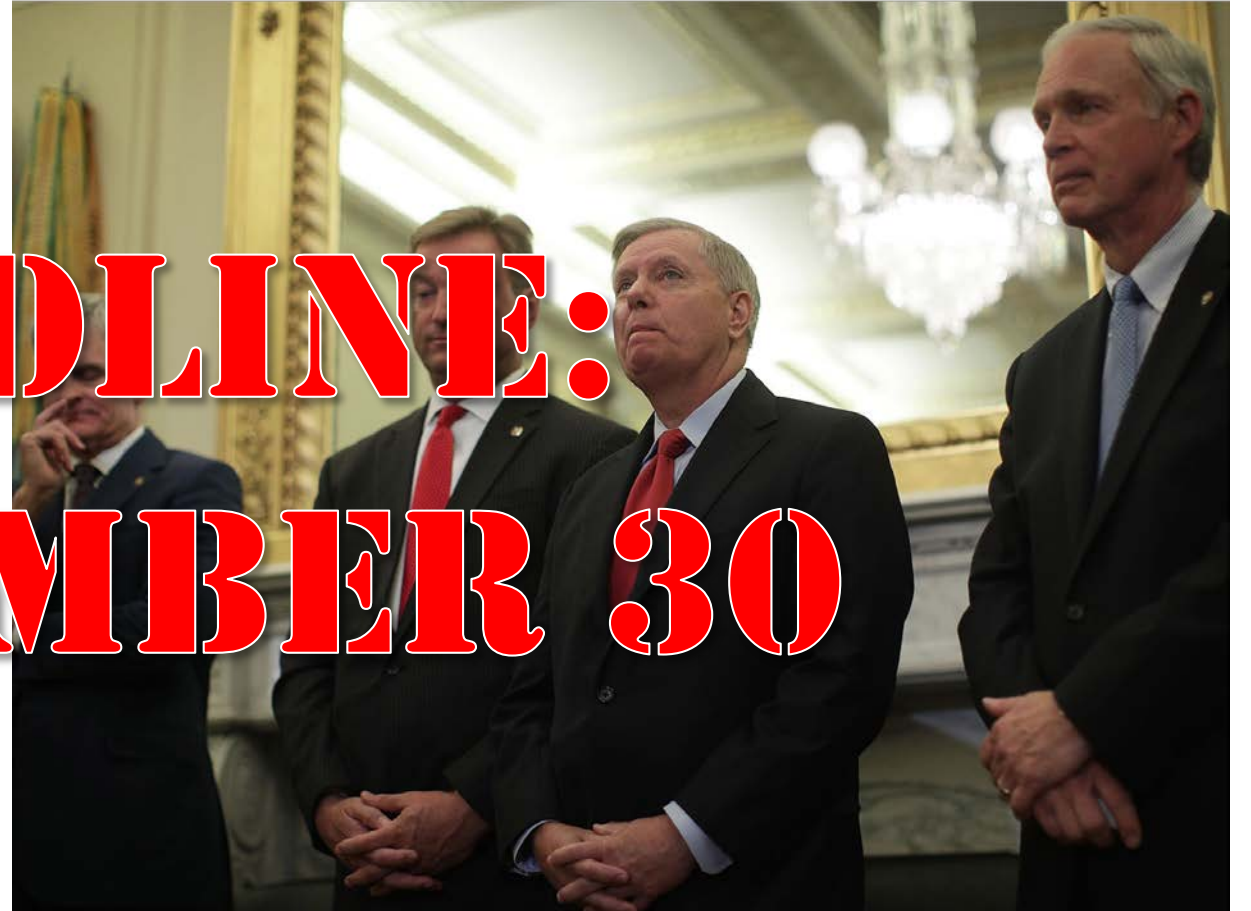
ACA funding → Block grants

Increased state flexibility

But . . .

- Less funding for Medicaid and private market
- Repeals coverage mandate without a substitute
- States can waive important consumer protections

**DEADLINE:
SEPTEMBER 30**





THE TRUMP ADMINISTRATION

THE WHITE HOUSE
WASHINGTON

ADMINISTRATIVE RELIEF – EXECUTIVE ORDER (JAN. 2017)

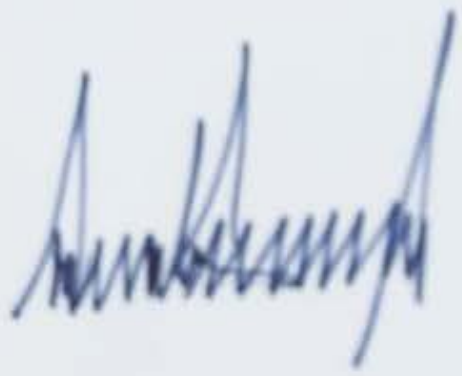
Federal agencies should “exercise all authority and discretion available to them to waive, defer, grant exemptions from, or delay” implementation of the ACA.

(ii) The authority granted by law to an executive department or agency, or the head thereof, or

(iii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.



ADMINISTRATIVE RELIEF – MARKET STABILIZATION RULE (APRIL 2017)



SEP VERIFICATION

(Submit supporting docs. to qualify)



PAYMENT OF PREMIUMS

(Collect late payments before



METALLIC TIERS

(Expand de minimus range)



NETWORK ADEQUACY

(States determine)



TIMELINES FOR QHPs

(More time for filings)



OPEN ENROLLMENT

(Nov. 1 – Dec. 15)



“LET OBAMACARE IMplode.”

–President Trump, July 28, 2017

“LET OBAMACARE IMplode”



GLIMMERS OF HOPE



Cost Sharing Reductions (CSRs)
paid in August

Senate HELP Committee held
four hearings in September

Bipartisan stabilization bill?

- Fund CSRs
- Expand 1332 waivers
- Reinsurance funding

BACKGROUND

FEDERAL

IOWA

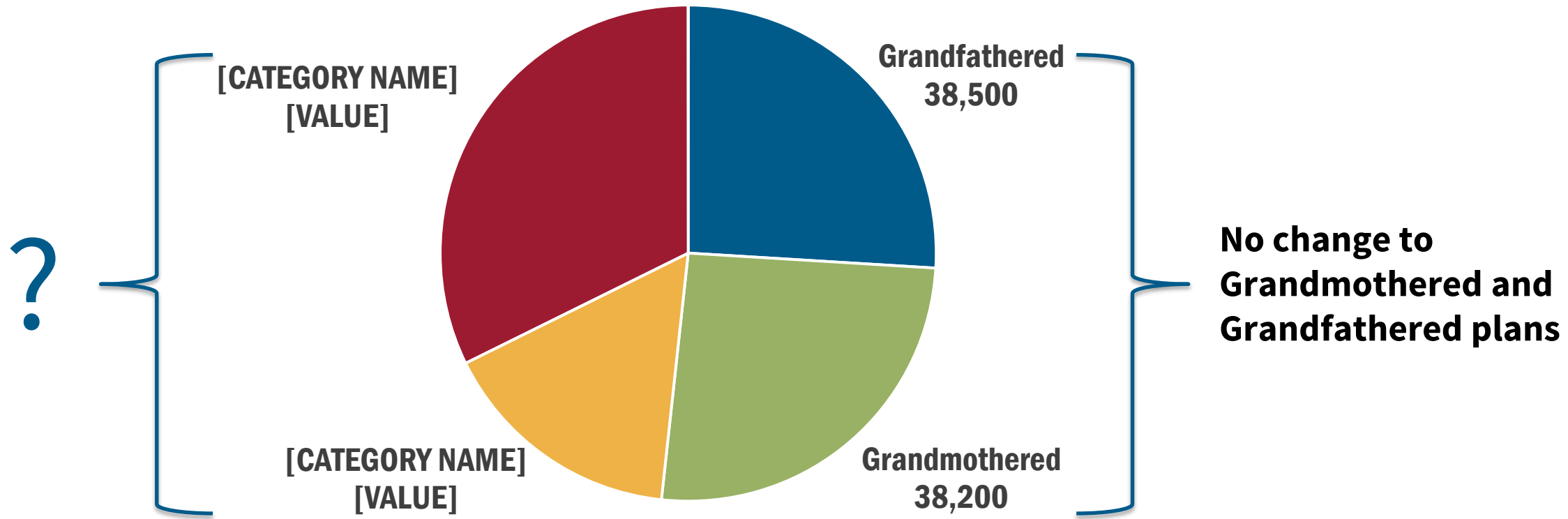


MEANWHILE, BACK IN IOWA . . .



IOWA INDIVIDUAL MARKET

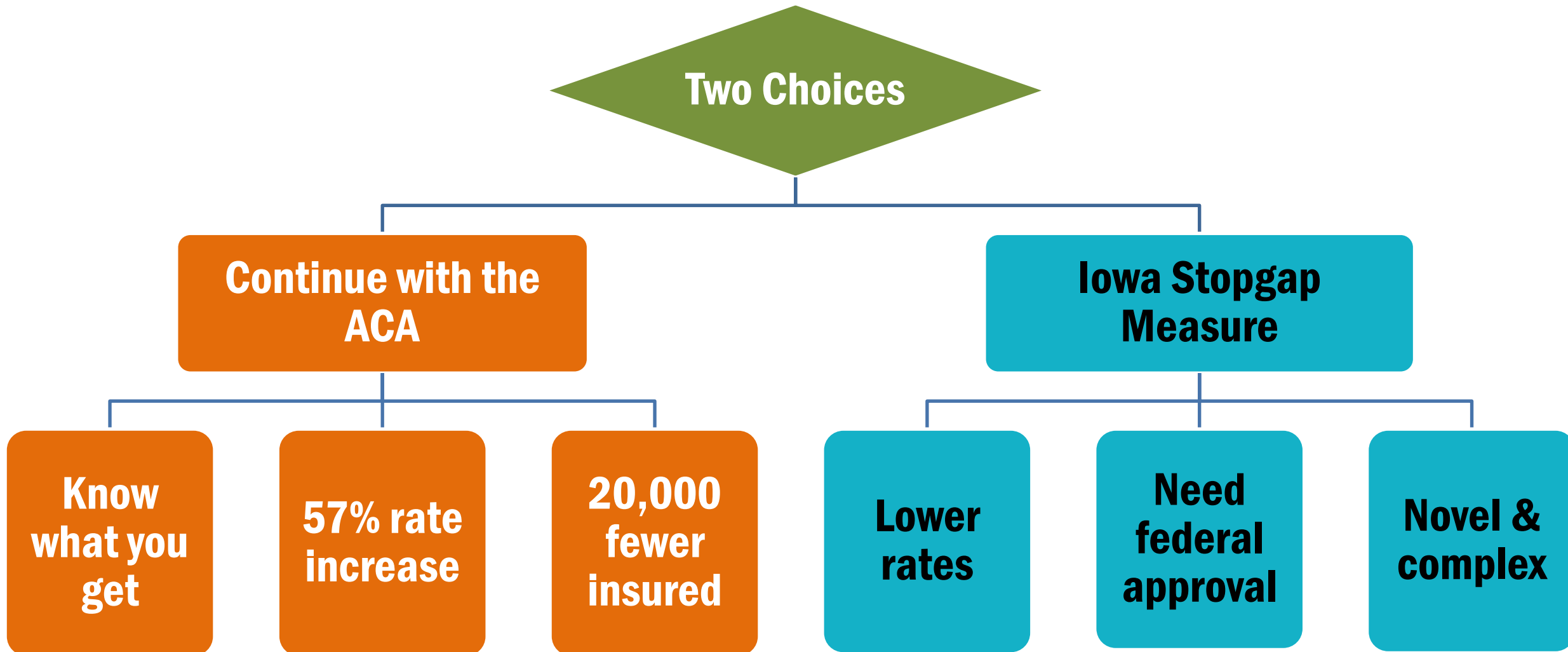
Iowa <65 Individual Commercial Insurance Market





Which Path for the Iowa Individual ACA Market?

IOWA INDIVIDUAL MARKET: WHICH PATH?



IOWA STOPGAP MEASURE

1. STANDARDIZED PLAN

Single plan

Insurance Division develops a single, standardized plan

- Includes all essential health benefits
- Silver-level actuarial value

IOWA STOPGAP MEASURE

1. STANDARDIZED PLAN

Single plan

Insurance Division develops a single, standardized plan

- Includes all essential health benefits
- Silver-level actuarial value

2. REDESIGNED PREMIUM SUBSIDIES

Flat subsidies based on age and income

Funded with \$400 million in expected 2018 Iowa APTC payments

IOWA STOPGAP MEASURE

1. STANDARDIZED PLAN

Single plan

Insurance Division develops a single, standardized plan

- Includes all essential health benefits
- Silver-level actuarial value

2. REDESIGNED PREMIUM SUBSIDIES

Flat subsidies based on age and income

Funded with \$400 million in expected 2018 Iowa APTC payments

3. SPREADING CATASTROPHIC COSTS

Reinsurance for large claims

85% reinsurance for claims between \$100,000 and \$3 million
100% reinsurance for claims above \$3 million

IOWA STOPGAP MEASURE

1. STANDARDIZED PLAN

Single plan

Insurance Division develops a single, standardized plan

- Includes all essential health benefits
- Silver-level actuarial value

2. REDESIGNED PREMIUM SUBSIDIES

Flat subsidies based on age and income

Funded with \$400 million in expected 2018 Iowa APTC payments

3. SPREADING CATASTROPHIC COSTS

Reinsurance for large claims

85% reinsurance for claims between \$100,000 and \$3 million
100% reinsurance for claims above \$3 million

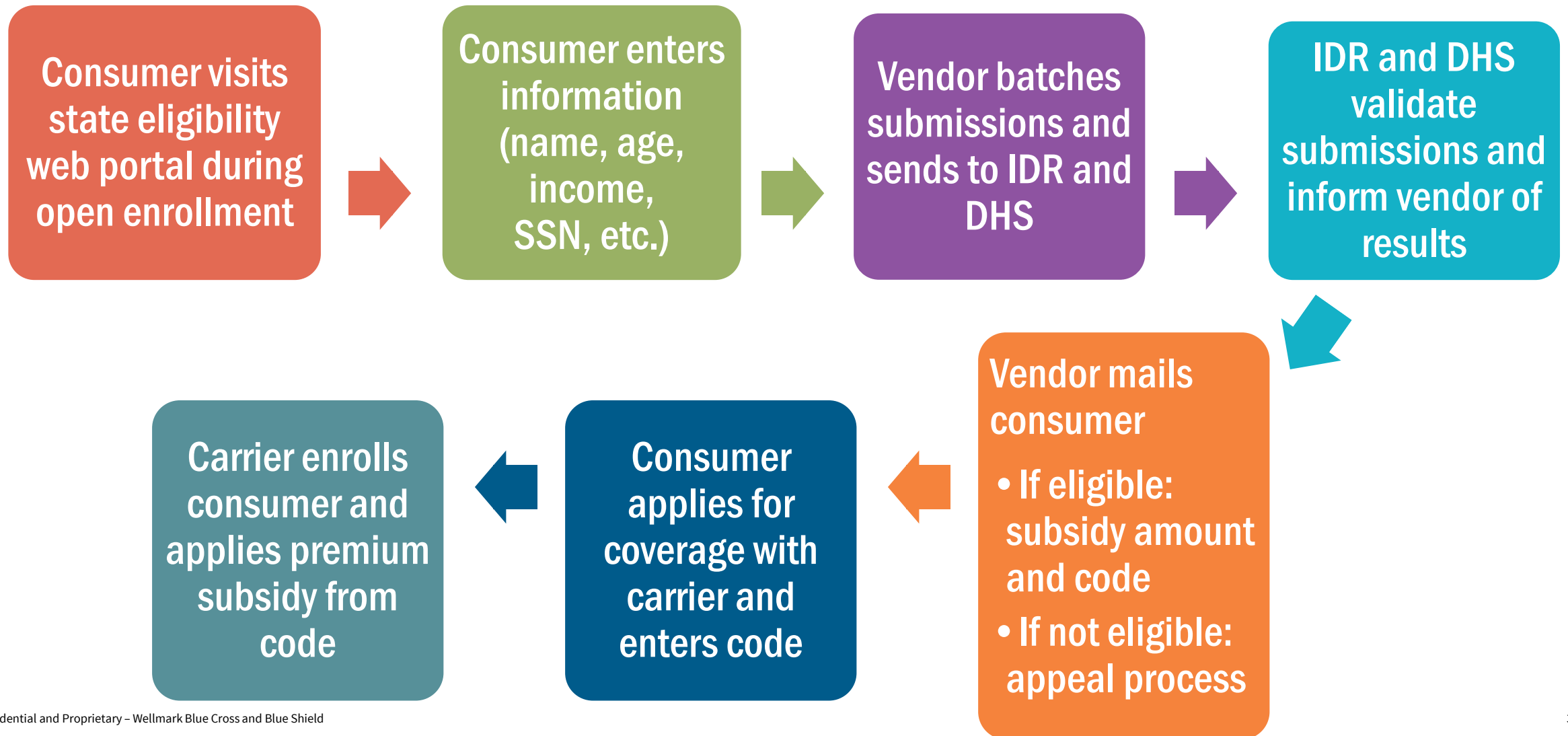
4. ADMINISTRATIVE HELP

No exchange

Eligibility determination and subsidy payments handled by the State of Iowa

Eligibility for enrollment outside open enrollment period

IOWA STOPGAP MEASURE: PROCESS



THANK YOU!

SCOTT SUNDSTROM



Wellmark Blue Cross and Blue Shield of Iowa, Wellmark Health Plan of Iowa, Inc., Wellmark Synergy Health, Inc., Wellmark Value Health Plan, Inc. and Wellmark Blue Cross and Blue Shield of South Dakota are independent licensees of the Blue Cross and Blue Shield Association.

Confidential and Proprietary – Wellmark Blue Cross and Blue Shield